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TECHNOLOGY

WealthStack Roundup: Nitrogen Survey Notes Attributes of High-Growth Firms

Also, Zoe Financial selects BridgeFT WealthTech API, and Daffy announces its open API for developers.

Rob Burgess | May 26, 2023

After rebranding from Riskalyze to Nitrogen earlier this month, the company released its inaugural growth survey this week.

Nitrogen surveyed 1,065 advisory firm executives and advisors throughout March. Respondents were from across the advisory spectrum, including registered investment advisors and dual-registered and broker/dealer channels on topics including technology, marketing and client engagement activities to “uncover the behaviors that separate fast-growing firms from more stagnant competitors,” according to the company. The majority of participants (76%) were between 35 and 64 years old and owned their firm (62.1%).

As defined in the survey, hyper-growth firms were those that grew 21% or more in 2022. Slow-growth firms are defined as those that grew by 5% or less.

The survey found that hyper-growth firms are twice as likely as slow-growth firms to rank lead generation as most important to firm growth.

Just under a third (31%) of hyper-growth firms spend more than 11 hours per week growing their firms, while just under two-thirds (61%) of slow-growth firms spend only one to two hours per week on the same.

Hyper-growth firms also consistently placed greater emphasis on communications and networking activities, including marketing, social media, referrals, events and automated client feedback.

These firms also reported using more technology, and doing so more efficiently, and are 1.5 times more likely than slow-growth firms to spend 75% of their budget on front-office, client-facing technology, according to the survey.

Zoe Financial Selects BridgeFT WealthTech API

Zoe Financial, a find-an-advisor service, announced it had selected BridgeFT's WealthTech API to power its data connectivity and infrastructure.

BridgeFT is a cloud-native technology provider of core software infrastructure to advisory firms, which launched in 2015. To date, it has been best known for its cloud-based performance reporting and fee billing offering called Atlas. The company has worked with a variety of clients, including RIA firms, financial institutions (including trust firms and others) as well as other fintechs. BridgeFT first launched its WealthTech API in January.

The company's WealthTech API offers "a single, open API to trade-ready, multi-custodial data, analytics, and applications."

"WealthTech API removes the need for individual data feeds from a range of custodians and back-office providers," according to the company.

Based in New York and backed by institutional investor SoftBank, Zoe Financial has experienced exponential growth over the past few years. Launched in February 2018, the company began by building a small network of fee-only financial advisors. As of May 2021, there were more than 2,600 individual independent advisors using the lead-gen platform, and clients that had been matched with Zoe Network Advisors accounted for \$410 billion in assets under management. Currently, advisors using Zoe's lead-gen platform manage \$700 billion in AUM representing approximately 500 RIA firms. And, in January, Zoe Financial launched the Zoe Wealth Platform, which provides instant account opening for clients working with a

financial advisor and features account funding, automated rebalancing and commission-free fractional share trading.

Daffy Announces Open API

Charitable giving platform Daffy.org announced the launch of its open API on Wednesday.

Shorthand for “Donor-Advised Fund for You,” Daffy is a not-for-profit community built around a mobile platform intended to ease the process of giving through the use of DAFs.

“By integrating Daffy into their applications and services, companies and developers can make it seamless for their customers to donate cash, stock or crypto to nearly any U.S. charity and take advantage of the many tax benefits of having a DAF,” stated the company.

Former Wealthfront CEO and current Acorns board member Adam Nash launched the previously stealth fintech company in September 2021.

Daffy now has thousands of members with account sizes ranging up to \$10 million, according to the company.

“Giving is too important to leave it to the large incumbents. Let’s work together to help make giving a native part of every financial application,” stated Nash, announcing the new open API on Wednesday.

Daffy launched its “Daffy for Families” functionality in October 2022. Previously available only to those contributing to the fund, Daffy for Families allows existing members to invite their children and grandchildren to join them on the platform or for new members to create and fund their own DAF, then invite family to join the platform. Once invited, additional family members can create their profiles, follow charities they care about and request donations.

Daffy announced a partnership in March with Secfi, a San Francisco-based firm that provides education to startup employees around equity-based compensation packages and runs a digital portal that helps them monetize their illiquid stock options. Secfi launched an SEC-registered investment advisory firm, Secfi Wealth, in September 2022, bringing on John Morrison, a Dimensional Fund Advisors portfolio manager, to run it. The partnership allows Secfi Wealth’s startup employees and executive clients to use Daffy to make DAF contributions.